

HORT INNOVATION

RESET AND REFRESH – ROLES, RESPONSIBILITIES AND ADVICE MECHANISMS

Framework for Industry Workshops

Hort Innovation is offering commodity Peak Industry Bodies (PIBs) the opportunity to develop a new approach to providing industry-specific advice on RD&E [and marketing] investments.

Following feedback from industry on the need for change, this creates a powerful opportunity to change and improve the way the horticultural industry works together. Everyone has a part to play for how the working relationship operates moving forward, identifying clear actions to achieve better outcomes for levy payers and taxpayers.

Hort Innovation recognises not one size fits all and that some industries may continue their current mechanism (SIAP) where effective.

Hort Innovation will work with each commodity PIB to develop their preferred model for providing advice. The mechanism proposed by commodity PIBs is required to meet a set of governance principles, including management of conflict of interest.

This document, developed by the Horticulture Industry Working Group, provides background information and context to assist participants to prepare for, and actively and effectively participate in, the co-design workshops on 14-16 June 2022.

THE AIMS OF THE WORKSHOPS ARE TO

1. Clearly identify and agree the role each stakeholder group (Hort Innovation, commodity PIBs and Commonwealth Government) has relating to investment of Levies and Taxpayer Funds for research, development, and extension (RD&E) and marketing,
2. Define principles for suitable advice mechanisms in relation to those investments, and
3. Set out a process for industries to develop the advice mechanism approach that is most suitable to their circumstances, and which meets the required principles.

ADVICE MECHANISM PRINCIPLES

Hort Innovation and commodity PIBs have distinct and complementary roles to play in delivering RD&E [and marketing] for Australia's horticulture sector. Hort Innovation is responsible for funding and managing projects in accordance with industry needs and governance requirements. Commodity PIBs are responsible for representing the needs of levy payers and prioritising and contributing to RD&E [and marketing] outcomes. Productive relationships across the industry are critical to ensuring better outcomes for levy payers and taxpayers.

The Commonwealth Government is a key stakeholder in the strategic co-investment of statutory Levies and Taxpayer Funds. Hort Innovation is accountable to the Commonwealth Government for the expenditure of these funds and therefore requires service providers, including commodity PIBs, to meet certain governance and reporting requirements.

To ensure that advice mechanisms align with the requirements of levy payers, industry, Hort Innovation, and the Commonwealth Government and that the advice is fit-for-purpose, principles of engagement have been proposed. These principles are intended to provide clarity – so we can work together to deliver for levy payers and taxpayers – and will be discussed and agreed at the workshops:

1. The mechanism should have clearly defined governance frameworks including membership, purpose, role, authority, operational metrics, obligations of members, conflict of interest, and confidentiality arrangements. Conflicts of interest and confidentiality must be managed appropriately and consistently within an advice mechanism, noting that commodity PIBs or other representatives on an advice panel might have dual roles as a service provider.
2. Where they choose to provide advice, commodity PIBs will be responsible for engaging and consulting widely with Levy Payers, including other industry bodies and relevant grower groups representing a cross section of the whole industry, to identify, prioritise, and document RD&E [and marketing] requirements.
3. Identification of RD&E [and marketing] priorities through the mechanism must align with Strategic Investment Plans (SIPs), the Hort Innovation Strategic Plan, and Commonwealth Government Priorities.
4. Advice needs to consider a balanced portfolio of RD&E requirements considering long-term, short-term, high and low risk, and strategic and adaptive RD&E.
5. Allow for a consistent approach across industries where the same RD&E priorities have been identified and encourage input across stakeholders on cross-industry issues and opportunities.
6. RD&E [and marketing] priorities need to be considered in the context of the levy funds (and balance) available.
7. Advice is provided in a timely, professional, and cost-effective manner, in the format and standard required, that aligns with Hort Innovation's sequence of planning and investment processes.
8. RD&E [and marketing] requirements and priorities are communicated back to Levy Payers, including other industry bodies and relevant grower groups, to enhance accountability.

Hort Innovation recognises that some industries may choose to retain their current advice mechanism. This is appropriate if the mechanism can be demonstrated to meet the above principles.

ROLES AND RESPONSIBILITIES

These definitions identify the specific roles the parties have relating to investment of Levies and Taxpayer Funds for RD&E [and marketing] and the advice mechanisms relating to those investments. These definitions do not reflect all the activities each party carries out.

COMMODITY PEAK INDUSTRY BODIES (PIBs)	HORT INNOVATION	COMMONWEALTH GOVERNMENT
<ol style="list-style-type: none"> 1. Lead, represent and further the interests of Levy payers and the industry in respect to matters that may affect the viability, growth and reputation, of the industry. 2. Engage with all Levy payers, including other industry bodies and relevant grower groups, regardless of membership with the PIB, to provide consolidated advice to Hort Innovation for the creation of a Strategic Investment Plan (SIP) that clearly identifies objectives and priorities for levy investments in RD&E and, where applicable, marketing. 3. Contribute to the communication and on-farm adoption of RD&E [and marketing] outcomes. 4. For those commodity PIBs that perform a dual role as a service delivery partner to Hort Innovation using matched Levy Funds, have legal responsibility for actively addressing and managing potential, perceived or real conflicts of interest and confidentiality in line with relevant policies. 5. For those commodity PIBs that are the Industry Representative Body (IRB) with responsibility for levy consultation, represent industry members wishes about whether levies are imposed, set levy rates, and monitor the effectiveness of levy settings, including compliance and increasing or decreasing investment to respond to opportunities or threats, consistent with the body's Constitution. 6. Provide written feedback on Hort Innovation's performance to inform Commonwealth Government's annual performance review. 	<ol style="list-style-type: none"> 1. Manage and monitor the investment of Levy Funds and Matching Payments in accordance with the Act and the Performance Principles set out in the Deed of Agreement. 2. Oversee, support, and facilitate the strategic, effective, and efficient investment of funds in a collaborative and transparent way through partnerships that deliver practical commercial outcomes to levy payers. 3. Invest funds in accordance with feedback from most levy payers captured in the Strategic Investment Plan or through an appropriate advice mechanism. 4. Establish and maintain sound and transparent governance arrangements and practices (that fulfil legislative requirements and align with Australian best practice for open, transparent, and proper use and management of Levies and Taxpayer Funds). 5. Not, at any time, act as an industry representative organisation or provide information that implies Hort Innovation is an industry representative organisation. 	<ol style="list-style-type: none"> 1. Communicate and provide guidance on RD&E Priorities. 2. Pay Levy Funds and Matching Payments to Hort Innovation in accordance with the Act. 3. Monitor Hort Innovation's performance and compliance with the Act, Funding Agreement, and Guidelines. 4. Seek written feedback from commodity PIBs on Hort Innovation's performance to inform Hort Innovation's annual performance review. 5. Engage collaboratively in tripartite meetings with commodity PIBs and Hort Innovation on an annual basis to ensure there is progress and continuous improvement in Hort Innovation's performance.

CURRENT INVESTMENT CYCLE



This is provided as context for where advice regarding the investment of levies fits within the current overall investment process. Other components of the cycle include strategic planning, procurement of services, delivery of projects and communication of outcomes. The workshops will not consider in detail these other components, but they will be captured and a process to address identified areas for improvement will be developed with industry.

NEXT STEPS

Next steps from the workshops will include:

1. Agreed definitions of roles and responsibilities of commodity PIBs, Hort Innovation and Commonwealth Government to be communicated to Levy Payers and industry stakeholders.
2. Commodity PIBs to partner with Hort Innovation to co-design their preferred advice mechanism model that meets the principles of engagement and their industry requirements.
3. Developing the process to address other areas of the investment cycle identified through the workshops.